

Report of the Supervisory Board Chairman on the preparation and organization of the board's activities and internal control procedures

1. Introduction and regulatory framework

Under the provisions of article L. 225-68 of the French Commercial Code, amended by the Financial Security Law of August 1, 2003 and the Law of July 26, 2005 on the modernization of the economy and confidence in companies raising funds from the public, "the Chairman of the Supervisory reports to the General Meeting of Shareholders, in a report attached to the report provided in accordance with articles L. 225-100, L. 225-102, L. 225-102-1 and L. 233-26, on the preparation and organization of the activities of the Board and on internal control procedures established by the company."

With respect to this second item, it is important to note that this report was established based only on information provided to the Chairman of the Supervisory Board by the Executive Board and the functional departments it coordinates, as part of a status report on internal control systems and during meetings of the Supervisory Board and its committees.

At the request of the Chairman of the Supervisory Board, this report was submitted to the Audit Committee and to the Supervisory Board for an opinion.

2. Preparation and organization of the Supervisory Board's functions

2.1. Functioning of the Supervisory Board

The Supervisory Board exercises ongoing control of AREVA's management by the Executive Board. The Executive Board regularly informs the Supervisory Board of the business and operations of AREVA and the AREVA group through quarterly reports. The Supervisory Board performs such verifications and procedures as it deems necessary.

The Supervisory Board appoints the members and the Chairman of the Executive Board. The Supervisory Board may recommend the dismissal of Executive Board members to the General Meeting of Shareholders. The Supervisory Board may call meetings of the General Meeting of Shareholders.

The Supervisory Board meets at least once quarterly at the corporate office or any other place indicated in the notice of meeting issued by the Chairman, or by the Vice Chairman in the absence of the former, to review the Executive Board's report.

For decisions of the Supervisory Board to be valid, at least half of the members must be present. Decisions are made on a majority vote of the members present or represented. In the event of a tie vote, the Chairman of the meeting casts the deciding vote.

The Supervisory Board submits its remarks on the report of the Executive Board and on the financial statements to the Annual General Meeting of Shareholders.

The Supervisory Board is not limited to a supervisory function; it also delegates authority to the Executive Board to conduct transactions that the Executive Board cannot accomplish without such authorization. It reviews the overall strategy for AREVA and for the group. Annual budgets and multi-year plans for AREVA, its direct subsidiaries and the group are subject to Supervisory Board approval, as well as any transaction at the subsidiary level contemplated by article 23-2 of the by-laws.

Pursuant to article 23-2 of the by-laws, the following Executive Board decisions are subject to prior approval by the Supervisory Board when they involve an amount exceeding 80 million euros:
issuing securities, regardless of type, that may have an impact on share capital;

significant decisions on opening establishments in France and abroad, either directly, through creation of a branch, or by establishing a direct or indirect subsidiary, or by acquiring an equity stake; a similar approval is required for decisions to close such establishments;

significant operations that may affect the group's strategy and modify its financial structure or scope of business;

acquisitions, increases or sales of equity interests in any company, existing or to be established;

exchanges of goods, securities or assets with or without cash payment, excluding cash management operations;

acquisitions of real estate;

settlements, agreements or transactions relating to disputes;

decisions pertaining to loans, borrowings, credit and advances; and

acquisitions and disposals of any receivables by any means.

In addition, proposals for the allocation of earnings presented by the Executive Board are subject to the prior approval of the Supervisory Board.

On July 3, 2001, the Supervisory Board authorized the Executive Board to carry out certain transactions, up to the following amounts:

disposals of real property up to 30 million euros;

provision of collateral to secure corporate commitments, up to 80 million euros per year in the aggregate, provided that no single commitment exceeds 30 million euros.

The Supervisory Board regularly updates its rules of procedure, which stipulate in particular:

the establishment and functioning of the four committees described below;

rules for preparing Supervisory Board deliberations;

conditions for establishing the schedule of Supervisory Board meetings; and

resources at the disposal of Supervisory Board members elected by the employees.

2.2. Composition of the Supervisory Board

The members of the Supervisory Board are appointed by the shareholders and by holders of voting right certificates, except for employee-elected members of the Board and representatives of the French government.

The Supervisory Board consists of at least 10 and no more than 18 members, including 3 members elected by company personnel, as described below, and representatives of the French State appointed pursuant to article 51 of Law no. 96-314 of April 12, 1996. The 3 members representing company personnel are chosen by an electoral college consisting of engineers and managers (1 member) and by an electoral college consisting of the other employees (2 members).

The members of the Supervisory Board serve for a term of five years. The duties of a member of the Supervisory Board not elected by company personnel expire at the end of the Annual General Meeting of Shareholders held during the year of expiration of his or her term, convened to approve the financial statements of the previous year.

The General Meeting of Shareholders may dismiss members of the Supervisory Board, other than members representing the French State and members elected by company personnel. The duties of a member elected by company personnel end upon announcement of the results of elections, which AREVA must organize according to the by-laws, or upon the end of said member's employment contract or his or her dismissal, as provided by laws or regulations in effect at the time of the dismissal.

Only natural persons may be elected by company employees to serve as members of the Supervisory Board. Members of the Supervisory Board not elected by company employees may be natural or moral persons.

Except as provided by law, each member of the Supervisory Board must own at least one share of the company.

The Supervisory Board elects a Chairman and a Vice Chairman from among its members who are charged with convening the Board and conducting meetings, with the Vice Chairman fulfilling these functions in the event of the Chairman's absence or inability to do so. The Chairman and the Vice Chairman are natural persons.

The term of one independent member was not renewed in 2006 and another independent member resigned in 2007. Consequently, the Supervisory Board was comprised of 14 members as of December 31, 2007, including 3 independent members: Mrs. Guylaine Saucier and Messrs. Oscar Fanjul and Frédéric Lemoine. Following commonly accepted rules of good governance, particularly those of the Bouton Report, individuals who hold or represent no more than 10% of the company's share capital and who have no financial or commercial relationship with the company (as customer or supplier) are considered to be independent. Mrs. Anne Lauvergeon and Mr. Thierry Desmarest are each a member of the Supervisory Board of the company in which the other is a corporate officer. As a result, Mr. Desmarest can no longer be considered an independent member of the Supervisory Board.

MEMBERS APPOINTED BY THE SHAREHOLDERS

Frédéric Lemoine (age 42)

Mr. Frédéric Lemoine was appointed to the Supervisory Board in its meeting of March 8, 2005 to replace Mr. Philippe Pontet, who had resigned. The Annual General Meeting of Shareholders confirmed his appointment on May 12, 2005. The Supervisory Board elected him Chairman of the Supervisory Board on March 8, 2005. His term expired after the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by the Annual General Meeting of Shareholders on May 2, 2006. The Supervisory Board re-elected him **Chairman of the Supervisory Board** on May 2, 2006. His term will expire at the end of the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Frédéric Lemoine is Inspector of Finance and a graduate of École des Hautes Études Commerciales, of the Institut d'Études Politiques de Paris and of École Nationale d'Administration.

During his professional career, Mr. Lemoine was also Deputy Secretary General to the President of the French Republic from 2002 to 2004 and Deputy CEO-Finance of Capgemini until 2002.

OTHER OFFICES HELD:

Administrator of LCE SARL;

Director and Chairman of the Audit Committee of Groupama SA;

Director and Chairman of the Audit Committee of Flamel Technologies; and

Member of the Supervisory Board of Générale de Santé until June 27, 2007, and subsequently Censor.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

None.

Alain Bugat (age 59)

Mr. Bugat became a member of the Supervisory Board on January 23, 2003. The Annual General Meeting of Shareholders confirmed his appointment on May 12, 2003. The Supervisory Board elected him Vice Chairman of the Supervisory Board on June 12, 2003. His term expired after the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by the Annual General Meeting of Shareholders on May 2, 2006. The Supervisory Board re-elected him **Vice Chairman of the Supervisory Board** on May 2, 2006. His term will expire at the end of the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Mr. Bugat is a graduate of École Polytechnique and of École Nationale des Techniques Avancées.

OTHER OFFICES HELD:

Administrator General and Chairman of the Board of Directors of the CEA;
Representative of the French State to the Board of Directors of AREVA NC;
Member of the Board of Agence Nationale de la Recherche Technologique (ANRT) – Association; and
Director of Cybernetix SA.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Chairman of the Board of Directors of AREVA TA until 2002;
Chairman of the Supervisory Board of MVI Technologies until 2003;
Director of EDF until 2004;
Director of DCN SA until 2007; and
Chairman of the Supervisory Board of CDC Entreprises until 2007.

Thierry Desmarest (age 62)

Mr. Desmarest was appointed member of the Supervisory Board by the Annual General Meeting of Shareholders on June 18, 2001. His term expired at the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by the Annual General Meeting of Shareholders on May 2, 2006. His term will expire at the end of the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Thierry Desmarest is a graduate of École Polytechnique and holds the rank of Ingénieur en chef in the Corps des Mines. He became Chairman of the Board of Total SA on February 14, 2007, after serving as CEO of that company for 10 years.

OTHER OFFICES HELD:

Director of Air Liquide; and
Director of Sanofi-Aventis.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Chairman and CEO of Elf Aquitaine until May 2007.

Oscar Fanjul (age 58)

Mr. Fanjul was appointed member of the Supervisory Board by the Annual General Meeting of Shareholders on May 2, 2006. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Oscar Fanjul holds a PhD in economics. He is Vice Chairman and CEO of Omega Capital.

OTHER OFFICES HELD:

Member of the Boards of Directors of the London Stock Exchange, Marsh & McLennan Companies, Lafarge and Acerinox.

Trustee of the International Accounting Standards Committee Foundation (IASC).
International Adviser of Goldman Sachs.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Director of Inmobiliaria Colonial until December 2007;
Director of Unilever Plc until May 2006; and
Director of Técnicas Reunidas until June 2005.

Philippe Pradel (age 51)

Mr. Pradel was appointed member of the Supervisory Board by the Annual General Meeting of Shareholders on May 2, 2006. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Mr. Pradel is a graduate of École Polytechnique and École Nationale Supérieure des Techniques Avancées (ENSTA). He is Director of Nuclear Energy at the CEA.

OTHER OFFICES HELD:

Permanent representative of the CEA to the Board of Directors of AREVA TA.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Director of AREVA NC Inc. until 2005;

Director of Comurhex until 2005;

Director of Melox SA until 2003, then permanent representative of AREVA NC to the Board of Directors of Melox SA until 2005;

Permanent representative of AREVA NC to the Board of Directors of Socodei until 2005;

Director of EMA until 2005;

Director of AREVA NC Deutschland until 2005;

Director of SGN until 2005;

Permanent representative of AREVA NC to the Board of Directors of TN International until 2005; and Chairman of the Management Board and CEO of Commax GIE until 2005.

Guyline Saucier (age 61)

Mrs. Saucier was appointed member of the Supervisory Board by the Annual General Meeting of Shareholders on May 2, 2006. Her term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Mrs. Saucier is a Chartered Accountant and a graduate of HEC Montreal.

OTHER OFFICES HELD:

Director of Axa Canada;

Director of Petro-Canada;

Director of Bank of Montreal; and

Director of CHC Helicopter Corp.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Director of Nortel Networks until 2005;

Director of Tembec Inc. until 2005; and

Director of Altran Technologies until February 2007.

Commissariat à l'Énergie Atomique (CEA), represented by Olivier Pagezy

The CEA became a member of the Supervisory Board on July 18, 2001. The Annual General Meeting of Shareholders confirmed this appointment on September 3, 2001. The CEA's term expired at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by the Annual General Meeting of Shareholders held on May 2, 2006. The CEA's term will expire at the end of the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

The CEA is represented by Olivier Pagezy (age 39). Mr. Pagezy is a graduate of Institut d'Études Politiques de Paris and of École Nationale d'Administration. He is CFO of the CEA and Inspector of Finance.

OTHER OFFICES HELD:

Director of CEA Valorisation SA and of Co-Courtage Nucléaire SA.

OTHER OFFICES HELD BY THE CEA:

Director of CEA Valorisation SA and of AREVA TA.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Director of Sofratome until 2003.

MEMBERS REPRESENTING THE FRENCH STATE, APPOINTED BY MINISTERIAL ORDER

Luc Rousseau (age 50)

Mr. Rousseau was appointed representative of the French State to the Supervisory Board by ministerial order of March 11, 2005 published in the *Journal Officiel* on March 25, 2005. He replaces Mr. Jean-Pierre Falque-Piérrotin. His term expired after the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by ministerial order of April 26, 2006 published in the *Journal Officiel* on May 11, 2006. His term will expire at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2010.

Mr. Rousseau is a graduate of École Polytechnique and holds the rank of *Ingénieur* in the Corps des Mines.

He is Director General of Enterprises at the Ministry of the Economy, Finance and Industry.

OTHER OFFICES HELD:

Member of the French Atomic Energy Board;

Government Commissioner to the Boards of Directors of La Poste and Oseo Innovation;

Director of ANR, the French National Research Agency;

Representative of the French State to the Board of Directors of the Cité des Sciences et de l'Industrie; and

Representative of the French State to the Board of Directors of AFIL.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Government Commissioner to the Supervisory Board of All until December 2007.

Pierre-Franck Chevet (age 46)

Mr. Chevet was appointed representative of the French State to the Supervisory Board by ministerial order of March 1, 2007 published in the *Journal Officiel* on March 3, 2007. He replaces Dominique Maillard. His term will expire at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2010.

Pierre-Franck Chevet is a graduate of École Polytechnique and the Paris Graduate School of Economics, Statistics and Finance (ENSAE), and holds the rank of *Ingénieur général* in the Corps des Mines. He is Director General of Energy and Raw Materials at the Ministry of Environment, Sustainable Development and Regional Development.

OTHER OFFICES HELD:

Director representing the French State to the Board of Directors of La Poste and the Institut Français du Pétrole;

Government Commissioner to AREVA NC, Andra and the French Electrical Power Regulatory

Commission; and

Member of the Steering Committee of the International Energy Agency and the French Atomic Energy Board.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

None.

G rard Errera (age 64)

Mr. Errera was appointed representative of the French State to the Supervisory Board by ministerial order of December 18, 2007 published in the *Journal Officiel* on December 20, 2007. He replaces Mr. Philippe Faure. His term will expire at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2010.

G rard Errera is a graduate of Institut d' tudes Politiques de Paris and of  cole Nationale d'Administration. He held various positions at the French Ministry of Foreign Affairs, including head of political affairs and security, plenipotentiary minister, and Ambassador of France in London. He is the Secretary General of the French Ministry of Foreign and European Affairs.

OTHER OFFICES HELD:

Director of EDF;

Member of the French Atomic Energy Board;

Director of  cole Nationale d'Administration (ENA);

Director of the Art Collection Review Commission of the French Ministry of Culture;

Director of Cultures France;

Director of the French national agency for the safety of identification documents (ANTS);

Director of the French emergency response agency (EPRUS); and

Member of the Board of the Arab World Institute (IMA).

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

None.

Bruno B zard (age 44)

Mr. B zard was appointed representative of the French State to the Supervisory Board by ministerial order of July 22, 2002 published in the *Journal Officiel* on July 26, 2002. He replaces Mr. Nicolas Jachiet. His term expired after the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by ministerial order of April 26, 2006 published in the *Journal Officiel* on May 11, 2006. His term will expire at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2010.

Bruno B zard is Inspector General of Finance and a graduate of  cole Polytechnique and  cole Nationale d'Administration. On February 26, 2007, he was appointed Director General of the agency in charge of the French government's equity interests at the Department of the Treasury and Economic Policy, Ministry of Economy, Finance and Industry, by ministerial order published in the *Journal Officiel* on February 27, 2007. Until his appointment, he was Deputy Director of that same agency.

OTHER OFFICES HELD:

Director of EDF, France T l com, La Poste, Air France-KLM and Thal s.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Director of Renault until 2003;

Director of SNCF until April 2007; and

Director of France T l visions until April 2007.

MEMBERS ELECTED BY AND REPRESENTING THE EMPLOYEES

Jean-Claude Bertrand (age 56)

Mr. Bertrand was elected by the employee electoral body on May 28, 2002 in elections validated by the Work Council (*comité d'entreprise*) on July 12, 2002. He took office at the Supervisory Board meeting held on July 25, 2002. His term was renewed following elections held on May 24, 2007 and will expire following elections to be held in 2012.

Mr. Bertrand is a program manager at Tricastin.

OTHER OFFICES HELD:

Director of Alexis Senior High School in Montélimar.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

None.

Gérard Melet (age 50)

Mr. Melet was elected by the employee electoral body on May 28, 2002 in elections validated by the Work Council (*comité d'entreprise*) on July 12, 2002. He took office at the Supervisory Board meeting held on July 25, 2002. His term was renewed following elections held on May 24, 2007 and will expire following elections to be held in 2012.

Mr. Melet is Chief Buyer at the Procurement Department of AREVA NC / La Hague.

OTHER OFFICES HELD:

None.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

None.

Alain Vivier-Merle (age 59)

Mr. Vivier-Merle was elected by the electoral body consisting of engineers and managers on June 20, 2002 in elections validated by the Work Council (*comité d'entreprise*) on July 12, 2002. He took office at the Supervisory Board meeting held on July 25, 2002. His term was renewed following elections held on June 19, 2007 and will expire following elections to be held in 2012.

Mr. Vivier-Merle is a manager of strategy and marketing programs for AREVA NP in Lyon.

OTHER OFFICES HELD:

Chairman of the Supervisory Board of the Framépargne employee savings plan; and
Member of the Supervisory Board of the AREVA balanced mutual fund.

OTHER OFFICES HELD DURING THE PAST FIVE YEARS:

Chairman of the Supervisory Board of Sogepan A until 2004; and
Member of the Supervisory Board of the AREVA employee saving's plan money market fund until 2004.

In addition, Mr. Marcel Otterbein replaced Patrick Germain as representative of the AREVA Work Council on February 21, 2007. He participated in the meetings of the Supervisory Board in an advisory capacity.

Comptroller General

On February 15, 2006, Mrs. Anne-Dominique Fauvet was appointed Comptroller General of the CEA by order of the Minister of the Economy, Finance and Industry. In this capacity, she is also Comptroller General to AREVA and attends the meetings of the Supervisory Board and of its specialized committees.

Censors

AREVA's by-laws authorize the Supervisory Board to appoint one or several censors whose mission is to assist the Supervisory Board in its oversight functions. They attend the meetings without the right to vote.

No censor had been designated as of the filing of this reference document.

Secretary of the Board

Bernard de Gouttes, Chief Legal Counsel of the group, is the Secretary of the Supervisory Board.

The members of AREVA's Supervisory Board may be contacted at the company's corporate office at 33, rue La Fayette, 75009 Paris, France.

2.3. Activities of the Supervisory Board

In 2007, the Supervisory Board met 12 times (attendance rate: 84%).

During these meetings, the Supervisory Board voted on the matters described below:

January 19, 2007: On the recommendation of the Strategy Committee, the Supervisory Board approved the increase of AREVA's equity interest in REpower Systems AG, a company specialized in the design and assembly of wind turbines. REpower shares are traded on the German regulated stock market.

Accordingly, as provided in article 23-2 of the by-laws, the Supervisory Board gave authority to the Executive Board to:

offer to acquire all REpower shares traded in Hamburg at a unit price of 105 euros per share when the Executive Board shall deem advisable and in any event no later than the end of May 2007;
sign all prospectuses, offering circulars, agreements, documents and for any requests for authorizations required from administrative and/or market authorities to conclude such a transaction, including approval from the German financial market authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin).

February 21, 2007: The Supervisory Board reviewed the proposed REpower transaction and various options available to AREVA after Suzlon announced a counteroffer of 126 euros per share on February 9, 2007.

March 14, 2007: After reviewing new information regarding the value and strategic and industrial impact of the proposed acquisition of REpower, the Supervisory Board allowed AREVA to increase its public offer up to 140 euros per share.

March 22, 2007: The Supervisory Board reviewed the financial statements submitted by the Executive Board for 2006 and approved the proposed dividend of 8.46 euros per share. The Supervisory Board decided to propose to the next Combined Annual General Meeting of Shareholders to set the total amount of directors' fees at 370,000 euros for members of the Supervisory Board in 2007. Furthermore, the Supervisory Board approved various proposals for revisions to the company by-laws, including transferring the company's corporate office and changing the company's corporate name and legal purpose. The Board also decided to submit a resolution to the Combined Annual General Meeting of shareholders to renew the appointment of Deloitte & Associés and Mazars as Statutory Auditors for a six year term. The Board approved the construction of the Comurhex II conversion plant as presented by AREVA NC, its subsidiary, and authorized the latter to invest approximately 500

million euros for the first phase of this project (2007-2012). The Board appointed Mr. Luc Oursel as a member of the Executive Board to replace Mr. Vincent Maurel and appointed Mr. Pierre-Franck Chevet as a member of the End-of-Life-Cycle Obligations Monitoring Committee to replace Mr. Dominique Maillard.

April 15, 2007: The Supervisory Board reviewed the proposed REpower transaction in the light of a new counteroffer submitted by Suzlon on April 10, 2007 for 150 euros per share. The Supervisory Board authorized the Executive Board to modify the terms of AREVA's public offer on REpower by renouncing the condition precedent related to the receipt at least 50% of REpower's share capital plus one share.

May 3, 2007: The Supervisory Board reviewed the status of the OL3 construction project, the REpower transaction and the proposed acquisition of Summit in Australia. The Board was also informed of an opportunity to acquire Uramin, a mining company with uranium deposits in South Africa, Namibia and the Central African Republic.

May 30, 2007: The Supervisory Board, on a favorable recommendation by the Strategy Committee, authorized AREVA T&D Holding to create a joint venture with Sunten Group to develop its operations on the Chinese transformer market in order to acquire, initially, 50% of the joint venture and to acquire the remaining 50% for a mutually agreeable price in a second phase at the end of 2009. The Supervisory Board, on a favorable recommendation by the Strategy Committee and as provided in article 23-2 of the by-laws, also authorized the Executive Board to acquire 100% of the share capital of Uramin, a publicly traded company listed on the London and Toronto stock exchanges, for a net amount of approximately 1.6 billion euros.

June 28, 2007: The Supervisory Board reviewed the work of the Audit Committee and examined Revision 1 to the budget, which was prepared without taking into account the OL3 project. This project and the half-year financial statements were to be examined at the next meeting of the Board. The Supervisory Board reviewed the work of the End-of-Life-Cycle Obligations Monitoring Committee, in particular the report on the evaluation of long-term expenses of licensed nuclear facilities in accordance with article 20 of the Law of June 28, 2006. The Board also reviewed the proposed acquisition of Uramin and examined the status of cooperation with MHI in the framework of a 50/50 joint venture to develop and market a 1000 MWe pressurized water reactor (PWR).

August 30, 2007: The Supervisory Board reviewed and approved the Compensation and Nominating Committee's proposals regarding the 2006 bonus payable in 2007 to the members of the Executive Board and a revaluation of their compensation. The Board approved the appointment of Mrs. Guylaine Saucier to replace Mr. Patrick Buffet as Chairman of the End-of-Life-Cycle Obligations Monitoring Committee and the appointment of Mr. Oscar Fanjul as a member of the Compensation and Nominating Committee. The Board reviewed the consolidated financial statements for the period ended June 30, 2007, in particular highlights and recent events of the period, including the current status of the OL3 project. The Supervisory Board also authorized the Executive Board to negotiate and subscribe on behalf of AREVA a syndicated line of credit for a maximum principal amount of 2.5 billion dollars and a maximum maturity of seven years, primarily to refinance the Uramin acquisition.

September 10, 2007: The Supervisory Board, as provided in article 23-2 of the by-laws, approved the Multibrid project as submitted by the Executive Board and authorized AREVA, or any subsidiary that it were to designate, to continue the acquisition process and conclude the share purchase agreement with Prokon Nord, including any other document or agreement necessary or useful in connection with the acquisition of Multibrid Entwicklungsgesellschaft mbH.

October 19, 2007: The Supervisory Board reviewed the 2006 annual report on the safety of the AREVA group's nuclear facilities, which had been reviewed beforehand by the Nuclear Executive Committee. The Executive Board submitted information on two ongoing developments to the Supervisory Board: negotiations with China and the Executive Board's position on a possible change in AREVA's share capital. AREVA's operations and future prospects in the back end of the cycle were also presented to the Supervisory Board.

December 20, 2007: In application of article 23-1 of the by-laws, and after reviewing the conclusions of the Audit Committee and the Executive Board's proposed modifications, the Supervisory Board approved the proposed 2008 budget for the company, its direct subsidiaries and the group for the Front End, Reactors and Services, Back End and Transmission & Distribution divisions. Following a presentation of the group's Strategic Action Plan for 2008-2012 and on the favorable recommendation of the Strategy Committee, the Supervisory Board unanimously approved the main directions of the Plan. As provided in article 23-2 of the by-laws, the Supervisory Board also authorized the Executive Board to acquire or cause one of its subsidiaries to acquire 70% of the share capital of Koblitz, a

Brazilian company with biomass operations, and to obtain an option from the seller to acquire the remaining 30% in 2011 at the earliest, at a mutually agreed price.

2.4. Activities of the four Committees

The Supervisory Board may establish committees comprised of Board members, which functions under its responsibility. The Board establishes the composition and duties of each committee and the compensation, if any, of the members.

Prior to each meeting of the Supervisory Board, as necessary, the specialized committees carry out detailed analysis and regularly report on their work to the members of the Supervisory Board.

Strategy Committee

As of December 31, 2007, the Strategy Committee had five members, chosen from among the members of the Supervisory Board. They are Frédéric Lemoine⁽¹⁾, Chairman, Bruno Bézard, Alain Bugat, Oscar Fanjul⁽¹⁾ and Luc Rousseau. Bernard de Gouttes serves as Committee Secretary.

The Committee meets at least once per six-month period and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members. It is responsible for advising the Supervisory Board on the strategic objectives of AREVA and of its main subsidiaries and for assessing the risks and merits of major strategic decisions proposed by the Executive Board to the Supervisory Board. It ensures application of AREVA's strategic policy and its implementation at the subsidiary level.

It orders studies to be carried out as it deems useful and recommends policies as it deems necessary.

The Strategy Committee met four times in 2007, with an attendance rate of 85%:

January 19, 2007: After examining AREVA's proposed acquisition of an interest in REpower, the Committee decided to submit a favorable recommendation to the Supervisory Board on the strategic and financial aspects of the transaction.

May 22, 2007: The Committee issued a favorable recommendation on the acquisition of Uramin, noting the strategic importance of this investment in the mining business. The Committee also examined information on AREVA's position in Eramet (26%), with regard to the shareholders' agreement.

November 29 and December 11, 2007: After the Executive Board's presentation of the main directions of the 2008-2012 Strategic Action Plan for all nuclear and T&D operations, the Committee examined proposed capital expenditures, the group's debt situation and various modes of financing. The Committee concluded its work with a favorable recommendation to submit the Strategic Action Plan to the Supervisory Board for approval.

Audit Committee

As of December 31, 2007, the Audit Committee had four members, chosen from among the members of the Supervisory Board. They are: Guylaine Saucier⁽¹⁾ (Chairman), Bruno Bézard, Jean-Claude Bertrand and Olivier Pagézy. Jean-Pierre Kaminski, manager of accounting standards and procedures in AREVA's Finance Department serves as Committee Secretary. The Chairman of the Supervisory Board and the Statutory Auditors are invited to attend Committee meetings.

The Committee meets at least once quarterly and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members. The Committee clarified and described its role during its meeting of December 17, 2007. Once its positions have been validated by the Supervisory Board, the role of the Committee, which has no formal authority, is to assist the Supervisory Board in exercising its authority and attributions in the following fields: the integrity of the financial data published by the company, internal controls, the execution of the internal audit function, the independence and performance of the Statutory Auditors, risk management, financial planning, monitoring of major projects, and business ethics standards.

The Supervisory Board may also expand the scope of work of the Audit Committee by entrusting other fields to it as necessary. To discharge its duties, the Audit Committee may review specific points on its own initiative as it deems relevant to its mission.

In particular, the Audit Committee reviews the draft financial statements, budgets, internal and external audit plans, risk mapping, internal control policies, Values Charter and other relevant reports. It may interview the members of the Executive Board and the CEO it designates, the Statutory Auditors, the head of internal audit and the business ethics advisor. The Committee makes recommendations to the Supervisory Board based on its findings and may suggest modifications or additional investigations that it deems necessary.

The Audit Committee organizes a call for bids upon expiration of the term of the Statutory Auditors and recommends that the Supervisory Board renew the term of current auditors or appoint a new firm.

The Audit Committee prepares a work schedule each year to plan its mission.

Eight Audit Committee meetings were held in 2007, with an attendance rate of 93%:

March 8, 2007: The Committee reviewed the current status of the OL3 project and the financial statements for 2006.

March 19, 2007: The Committee reviewed the draft press release on the 2006 financial statements for the AREVA group.

March 21, 2007: The Audit Committee interviewed the three audit firms that responded to the call for bids for the appointment of AREVA's Statutory Auditors, i.e. Deloitte, KPMG and Mazars. Upon completion of this review process, the Committee decided to recommend that the Supervisory Board submit to the General Meeting of Shareholders the appointment of Deloitte and Mazars as Statutory Auditors of AREVA for the next six years.

June 22, 2007: The Committee heard a detailed presentation on the physical progress of OL3 construction and the status of the relationship with TVO. It also reviewed approval procedures for sales proposals and capital projects. The Audit Committee examined Revision 1 of the budget for 2007 and was informed of changes in regulations and international accounting standards.

August 24, 2007: The Committee examined the status of the OL3 project and the financial statements and financial position of the group and the divisions as of June 30, 2007.

October 17, 2007: The Committee met at the OL3 construction site in Finland to review the project in terms of the contract and its organization. The group's ethics advisor presented the methods used to prepare the Values Charter, its content and its implementation by management at all levels of the group. The Committee examined general and administrative expenses and non-production costs, including research and development and mining exploration expenses, marketing and sales expenses, and general and administrative expenses. A program to control general and administrative expenses is being developed to stabilize the ratio of general and administrative expenses to sales revenue.

December 17 and 19, 2007: After hearing a detailed update on the OL3 project, the Committee examined Revision 2 to the 2007 budget and amendments recommended by the Executive Board to the budget for 2008. The Committee then reviewed the results of the 2007 internal audits and examined the internal audit plan for 2008. It also examined the risk map, which is based on a management model implemented throughout the group, with emphasis on identifying risks that may have an impact on the group's financial performance, its strategic objectives or its image. The group's tax department explained why the option to file a consolidated tax return under the global tax consolidation regime had been terminated. Last, the Committee approved changes regarding its scope of work. These changes will be incorporated into the rules of procedure of the Supervisory Board.

Compensation and Nominating Committee

As of December 31, 2007, the Compensation and Nominating Committee had three members, chosen from among the members of the Supervisory Board. They are Frédéric Lemoine⁽¹⁾ (Chairman), Bruno Bézard and Oscar Fanjul⁽¹⁾. Bernard de Gouttes serves as Committee Secretary. The Committee meets at least once per six-month period and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members.

With respect to compensation, the Committee is responsible for recommending to the Supervisory Board AREVA's executive compensation levels, retirement and insurance programs, and in-kind benefits for executives based on comparable factors in the market and on individual performance assessments. With respect to nominations, the Committee reviews the files of individuals selected to serve as members of the Executive Board and conveys its opinion to the Supervisory Board. The Committee also gives the Supervisory Board its opinion on executive nominations for first-tier

⁽¹⁾ Independent members of the Supervisory Board.

companies of the AREVA group.

The Compensation and Nominating Committee met three times in 2007 with an attendance rate of 100%:

March 9, 2007: The Committee issued a favorable recommendation on the appointment of Mr. Luc Oursel as member of AREVA's Executive Board to replace Mr. Vincent Maurel, in accordance with article 17 of the by-laws. The Committee confirmed the favorable recommendation on the terms of compensation for Mr. Oursel at the meetings held on December 6 and December 13, 2006, as approved by the Supervisory Board on December 20, 2006. The Committee also issued a favorable recommendation on the renewal in 2007 of the maximum total annual amount of directors' fees set for 2006, i.e. 370,000 euros. In addition, the Committee issued a favorable recommendation on the appointment of Mr. Pierre-Franck Chevet, Director General of Energy and Raw Materials at the Ministry of Industry, as a member of the End-of-Life-Cycle Obligations Monitoring Committee, to replace Mr. Dominique Maillard.

July 11, 2007: The Committee examined and issued a favorable recommendation on the appointment of Mr. Oscar Fanjul to replace Mr. Patrick Buffet as a member of the Compensation and Nominating Committee and on the appointment of Mrs. Guylaine Saucier to replace Mr. Patrick Buffet as Chairman of the End-of-Life-Cycle Obligations Monitoring Committee. The Committee also examined and issued a favorable recommendation on the proposed 2006 bonus for the members of the Executive Board and the updating of the fixed and variable components of their annual compensation.

October 19, 2007: The Committee, on a proposal submitted by its Chairman, noting that two independent directors had not been replaced, decided to hire an outside firm to search for at least one additional independent director, based on the criteria of financial and international experience. A presentation of the mobility policy for AREVA group executives and of efforts to constitute and build up the executive teams of the future was also made to the Committee.

End-of-Life-Cycle Obligations Monitoring Committee

After the resignation of Mr. Bruno Bézard on November 22, 2007, the Committee had four members as of December 31, 2007, chosen from among the members of the Supervisory Board: Guylaine Saucier⁽¹⁾ (Chairman), Pierre-Franck Chevet, Gérard Melet and Philippe Pradel. Patrick Herbin-Leduc, Chief Financial Officer of AREVA NC serves as Committee Secretary. The Chairman of the Supervisory Board is invited to attend the Committee meetings.

The Committee meets at least once per six-month period and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members. The Committee is charged with helping to monitor the asset portfolio set up by AREVA subsidiaries to cover future nuclear cleanup and decommissioning expenses. In this capacity, and based on pertinent documentation submitted by AREVA, including a management charter, the Committee reviews the multi-year schedule of estimated future cleanup and decommissioning expenses for affected companies of the AREVA group; the criteria for establishing, managing and controlling the dedicated funds earmarked to cover expenses by these companies; and the investment management strategy for the related assets. The Committee provides the Supervisory Board with opinions and recommendations on these various topics.

The Committee may give audience to financial consulting firms chosen by the fund management companies.

The End-of-Life-Cycle Obligations Monitoring Committee met three times in 2007, with an attendance rate of 87%:

March 7, 2007: The Committee examined the status of end-of-life-cycle liabilities and assets earmarked to cover them as of December 31, 2006. The Committee reviewed the solvency ratio, which confirmed the need to allocate financial resources based on the group's requirements and the need to establish management rules for any deviation from a 100% coverage ratio, which is the legal requirement. The Committee also reviewed the criteria used by asset managers for each asset category.

June 7, 2007: The Committee reviewed the triennial report prepared in accordance with article 20 of the Law of June 28, 2006 on the evaluation of long-term expenses at licensed nuclear facilities. The report consolidates all obligations incumbent upon the nuclear operators of the AREVA group. The Committee also reviewed the breakdown of the group's liabilities between obligations subject to the Law of June 28, 2006 and other end-of-life-cycle obligations not subject to that law (i.e. foreign facilities or non-nuclear facilities in France). In addition, the Committee examined the policy regarding

(1) Independent members of the Supervisory Board.

asset allocation and liability coverage presented by the consulting firm of Mercer, along with the change in method used to calculate the discount rate.

December 4, 2007: The Committee reviewed the status of obligations resulting from the Law of June 28, 2006, and two reports submitted in June 2007 by AREVA and Eurodif to the regulators. Simplified versions of these reports will be available before the end of 2007 for distribution to the public on request. An annual update based on the financial statements for the year ended December 31, 2007 shall be submitted before the end of June 2008. The Committee then examined the main changes in assumptions to be used to update the end-of-life-cycle provisions for the La Hague site. Presentations made to the Committee included forecasts of cash flows for 2007, financial income related to end-of-life-cycle operations and the current status of dedicated mutual funds, in accordance with the guidelines presented and approved during the two previous meetings of the Committee.

3. System of internal controls

3.1. Introduction

PROCEDURES USED TO PREPARE THIS REPORT

This report was established based on information provided by the Executive Board and the functional departments it coordinates to the Chairman of the Supervisory Board during meetings of the Supervisory Board and its committees connected with an assessment of internal control systems.

This work was submitted to the college of Statutory Auditors.

This section is organized according to the frame of reference for internal controls published by the AMF, the French stock market authority, in January 2007.

The scope of internal control described below encompasses AREVA as the parent company and all of the companies it controls.

AREVA GROUP COMMITMENTS

The AREVA group defined and implements a number of fundamental commitments regarding the conduct and development of its operations. The environment for internal controls is based on these commitments, among other things.

The Values Charter is the reflection of the group's business culture and the expression of its sustainable development commitments. The AREVA group's values are integrity, an acute sense of professionalism, responsibility, sincerity, partnership, profitability and customer satisfaction.

The Values Charter establishes rules of conduct that apply to management and employees in all of the group's operations, as well as to the members of the Supervisory Board, all of whom agree to abide by them.

Sustainable development is central to the AREVA group's strategy, which rests on three pillars: profitable growth, social responsibility, and respect for the environment. This translates into ten commitments:

- governance,
- continuous improvement,
- respect for the environment,
- financial performance,
- risk management and prevention,
- innovation,
- commitment to employees,
- community involvement,
- dialogue and consensus building, and
- customer satisfaction.

To implement these ten commitments, the group adopted the “AREVA Way” initiative as an essential component of its budgetary and strategic processes. Under this initiative and in connection with sustainable development, all entities and functional departments assess their practices, organize processes for setting objectives, and carry out continuous improvement activities.

INTERNAL CONTROL STANDARDS

The AREVA group draws on internal control standards defined by the AMF, the French stock market authority.

According to the AMF’s “frame of reference for internal control”, the internal control system is characterized by:

an organization with a clear definition of responsibilities, sufficient resources and expertise, and appropriate information systems, procedures, tools and practices;

the internal dissemination of relevant and reliable information enabling each person to discharge his or her responsibilities;

a system to identify, analyze and manage risk;

control activities designed to reduce this risk; and

continuous monitoring of the internal control system.

In 2007, the group ensured that the approach taken is consistent with the standards applied. In particular, it verified the consistency between:

the “implementing guidelines for the internal control of accounting and financial data reported by issuers” included in the AMF frame of reference; and

the system for self-assessment of internal controls within the group

This was done to ensure that all the standards are met (see section 6.1.4.3.6, *Continuous oversight of the internal controls system*).

INTERNAL CONTROL OBJECTIVES

Internal controls contribute to operational control, in terms of effectiveness and efficiency, to the protection of assets, to compliance with legislation, regulations and management instructions, and to the reliability and quality of information produced and reported.

They provide reasonable assurance that the group’s objectives will be met. However, no matter how well designed and implemented, internal control mechanisms are not sufficient to guarantee with certainty that these objectives will be met.

AREVA’s internal control system is fully consistent with the group’s commitments regarding the conduct and development of its operations.

3.2. Organization, resources, information system and operating procedures

Internal controls are implemented throughout the group by all employees under the overall responsibility of the Executive Board and management.

ORGANIZATION OF THE AREVA GROUP

In matters of corporate governance, AREVA has opted for an organization that ensures the separation and balance of authority. Executive and management authority is vested in the Executive Board, while approval and control authority is vested in the Supervisory Board and the General Meeting of Shareholders.

AREVA’s Executive Board and Executive Committee, both comprised of corporate officers of first-tier subsidiaries in particular, design and oversee internal control systems.

Operational management is based on delegations of authority ensuring that the decision-making process is consistent with corporate governance principles.

In addition, a Nuclear Executive Committee, whose members consist primarily of key managers in the nuclear sector in France, Germany and the United States, is consulted on all matters involving a significant financial commitment or having substantial strategic or marketing consequences.

The group's operations are organized into four business divisions: Front End, Reactors and Services, Back End, and Transmission & Distribution. There are 20 business units within these divisions, each belonging to the group's various legal subsidiaries.

DEFINITION OF RESPONSIBILITIES AND AUTHORITY

Organizational procedures and function definitions describe the roles and responsibilities of the various management levels and key managers of the organization.

Authority to conduct business is delegated at every level of the group as appropriate and in a manner consistent with applicable laws and regulations.

In addition, the various functional departments —Purchasing, Finance, International & Marketing, Strategy, etc.— have established their own delegations of authority regarding spending commitments (procurement and Capex), financial transactions, proposals and contracts, etc.

The organization and delegations of authority are defined to comply with the principle of the separation of duties. In particular, governance and internal control principles applicable to delegations of authority set financial limits by type of transaction, for which information must be provided to or authorization received from the competent authority.

HUMAN RESOURCES MANAGEMENT POLICY

The Executive Committee approves the group's human resources management policy, which is implemented by the Human Resources department in agreement with the other departments involved. The policy has four major thrusts:

strengthen the group's culture by sharing core values and common practices;

facilitate recruitment, mobility and talent development—in particular through training—to increase the group's market leadership;

develop an innovative and responsible labor policy; and

develop tools for human resources management performance.

INFORMATION SYSTEMS

The mission of the Information Systems department is to ensure the availability of high-performance, cost-effective and secure information systems and to oversee the overall consistency of the group's information systems. To accomplish this, the department is organized to meet two major goals:

orient the information system towards services to the businesses in alignment with the organization of the group's business processes; and

standardize, streamline and consolidate the technical and functional infrastructure to ensure its performance and reliability, taking into account both economic and geographic considerations.

The department follows a client-oriented approach to supporting the businesses and the group's economic objectives by offering technology solutions that meet the needs of the group and its customers.

OPERATING PROCEDURES

General internal control procedures

AREVA has worked continuously since it was established to strengthen its organization and its internal control procedures.

These procedures include rules, instructions and operating procedures defined by the functional departments and implemented at every level of the organization. The preparation, distribution and implementation of these procedures are a component of the group's action principles.

Consistent with the principle of subsidiarity and to ensure the assimilation of these principles, the heads of the group's main subsidiaries adapt the procedures to their specific circumstances prior to implementation within their entities.

Accounting and financial reporting procedures

Like the Audit Committee and the group's other governance bodies, internal procedures comply with the principles hereunder.

General organization

Information is collected and processed at two operational levels: the operating entity (level 1 of information production) and the business unit (base unit for management and performance analysis throughout the group).

Instructions for consolidation are issued by the group's Financial Control department for all half-year and annual financial statements. These instructions set forth:

the schedule for preparing accounting and financial information for reporting purposes;

the process for validating this information;

items requiring particular attention, such as complex issues, changes in legal environment and new internal procedures; and

the coordinators for consolidation at the corporate level, who are responsible for validating consolidation operations for a portfolio of entities and for preparing cross-cutting analyses for the entire group (corresponding to the notes to the consolidated financial statements).

Financial communications revolve around the four divisions —Front End, Reactors and Services, Back End, and Transmission & Distribution— and are based on corporate financial data, thus ensuring broad consistency.

Implementation and control of accounting principles

The reporting entities' financial statements are prepared in accordance with the group's accounting and financial principles, which cover the main headings of the group's financial statements. These rules apply to all entities included in the group's consolidation scope. These principles include:

a glossary that defines the main headings of the financial statements and the group's performance indicators;

an annotated chart of accounts; and

accounting procedures issued by the financial controls department.

These standards are supplemented by procedures and instructions issued and reviewed on a regular basis by the other entities of the Finance department (Financial Operations and Cash Management department, Financial Communications department, Tax department) and by the subsidiaries, and include procedures and instructions dealing specifically with internal controls and fraud.

The standards and procedures function of the financial controls department defines and distributes information relating to implementation of the financial and accounting standards, procedures, principles and rules. It also monitors changes in regulations to ensure that the financial statements are prepared in accordance with IFRS rules adopted by the European Union.

SOFTWARE

In addition to office equipment used by employees, the group has specific software customized for the management of its operations.

A wide variety of tools are used, including facility control systems, integrated management systems, methods and scorecards, and contribute to the operational control of each business.

In particular, organizational memoranda and standards and procedures applicable to the entire group are distributed using a dedicated software application.

PRACTICES

Internal control relies on all of these elements as well as on practices implemented by all employees, which are themselves based on the group's commitments (sustainable development, Values Charter, etc.). "Best practices" are identified to facilitate their dissemination and sharing so as to ensure effective continuous improvement in matters of internal controls.

AREVA University is an important vehicle for interaction in this regard. Through its activities, it aims to develop AREVA's values and business culture, to facilitate the exchange of best practices, and to involve all employees in implementing the group's strategy.

With the creation of an "accounting and finance internal control" function, the group now has a unit charged with disseminating a culture of internal controls in accounting and finance, ensuring the in-

house sharing of best practices, and monitoring external developments in regulations and best practices.

3.3. Dissemination of information

Bottom-up and top-down information channels have been established to communicate relevant and reliable information in a timely manner. Examples are provided below.

Bottom-up information:

Accounting and financial information is rolled up and processed using specific processes and shared tools for recording and control.

AREVA Way assessments and sustainable development indicators, particularly for environmental, social and societal aspects, are established using a common tool and rolled up to the corporate departments involved.

A common software program is used to measure the progress of action plans, indicative of the achievement of strategic objectives, and serves as an additional channel for bottom-up reporting.

Top-down information:

Management and the group's entities are informed of resolutions by the corporate decision-making bodies in an appropriate manner.

The group monitors laws and regulations regarding safety, security, health, the environment, accounting and tax. This information is disseminated throughout the group in an appropriate manner. Organizational memoranda, rules, standards and procedures are disseminated in accordance with organizational standards and procedures.

Communications with stakeholders are subject to appropriate processes to ensure the quality of the information provided.

3.4. Managing risk and setting objectives

RISK IDENTIFICATION, ANALYSIS AND MANAGEMENT

The group drew up a risk map when it was established to take into account the potential impact of events on the group's operations and objectives. Working with the entities, AREVA's Insurance and Risk Management department updates the risk map on an annual basis. The Audit department submits the risk map to the Supervisory Board's Audit Committee.

The management teams of the business units are asked to review and approve the risk assessment for their operations. For example, the group's entities have collected, analyzed and measured the risk factors of their respective operations. They have also prepared remediation plans to minimize risk and have designated the people in charge and the schedule for completion.

The main risk factors are identified and described in the annual report in the section regarding risk management and insurance. Nuclear safety and industrial safety issues in particular, which are an absolute priority at all levels of the group, are discussed in this section.

SETTING OBJECTIVES

Risk management is a facet of the process to set the group's objectives, which also include the "AREVA Way" initiative supporting continuous improvement.

Medium and long term objectives are set, broken down and estimated in multi-year action plans at each level of the group (divisions, business units and regions). The resulting Strategic Action Plan (SAP) is submitted to the Supervisory Board for approval.

Short-term objectives are defined in the framework of the budget process, which is consistent with the Strategic Action Plan. The Executive Committee reviews and approves the budgets.

3.5. Control activities

The functional departments are responsible to the Executive Committee for the correct implementation of policies. In particular, the departments in charge of financial controls define and ensure the enforcement of the reporting rules, document management processes, and ensure compliance with

rules on delegations of authority.

Each functional and operational level establishes appropriate controls to ensure that the objectives are met. Reporting and budget revisions are used to monitor budget progress and performance in terms of achieving the objectives.

By definition, each organization is responsible for its own internal controls. These controls rely on the mobilization of human, physical and financial resources, the organization of these resources, the deployment of specific objectives within the organization, and the implementation of controls for prevention or detection.

Preventive controls are performed according to specific procedures, whether manual or computerized, involving validations at appropriate levels of the organization, among other things. Detection controls consist of after-the-fact verifications connected with specific supervision of the work performed and analysis of variances or anomalies. Information systems, performance indicators, etc. are used to facilitate this supervision.

In addition, auditing and expert bodies are charged with controlling the most significant issues in relation to the group's specific goals.

In particular, as regards accounting and financial reporting:

each entity has set up a system of controls before transactions are recorded;

controls are performed at the different stages of the consolidation process:

either automatically by the consolidation software (control of debit/credit balances, data traceability, data integrity, access control), or

manually by the consolidation department, financial controllers and business analysts; and

the group's Tax department performs tax reviews of the group's main companies.

3.6. Continuous oversight of the internal controls system

The AREVA group optimizes its internal control systems on a continuous basis under the supervision of the Executive Board and the Executive Committee, subject to monitoring by the Audit Committee of the Supervisory Board.

Internal accounting and financial controls have been strengthened with the creation of an "Internal control of accounting and finance" function and the deployment of new tools and processes in group projects.

The effectiveness of the group's internal control procedures is independently evaluated by the Audit department, which reports to the Executive Board and to the Supervisory Board's Audit Committee. The department's missions, which reflect the group's risk map, are carried out in accordance with an audit charter and with standards of the profession defined by the Institute of Internal Auditors (Institut français de l'audit et du contrôle interne, IIA-IFACI).

The resulting recommendations give rise to action plans, which are monitored in liaison with the managers involved.

In addition to audits scheduled in the audit plan, the group's entities perform an annual self-assessment of their internal controls using a standard questionnaire. The 2007 version was brought into line with the "Implementing guidelines for internal controls of accounting and financial data reported by issuers" prescribed by the AMF, the French stock market authority. In particular, the questionnaire now addresses aspects related to information systems. The self-audit questionnaire, reviewed by the Statutory Auditors, was deployed in all 240 of the consolidated group's entities in 44 countries. It concerns 8 macro-processes, including Development/New Markets, Management/Organization, Operations, Sales Administration, Financial Management, Human Resources, Safety of Assets, and Information Systems. The results from answers provided by the group's entities are reviewed by the Audit Department and contribute to the monitoring of the overall system.

This system did not reveal any serious internal control dysfunctions or inadequacies that might have a major impact on the group's operations or financial statements.

The evaluation section of this year's report will not include additional information. This is consistent with practices in France and the recommendations of the AMF, as described in its January 24, 2008 report on corporate governance and internal controls.

The Chairman of the Supervisory Board

Frédéric Lemoine